GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1725
ANSWERED ON:10.03.2017
Powers to States
Rao Shri Rayapati Sambasiva

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to devolve more powers to the States to improve their financial status;

(b) if so, the details thereof;

(c) whether any proposals of the Government of Andhra Pradesh are pending with the Union Government; and

(d) if so, the details thereof along with the present status of these proposals of Andhra Pradesh?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) & (b): Adequate provisions are available in the Constitution of India wherein the financial interests of the states are safeguarded. Part XII of the Constitution under Articles 268 to 281 provides for distribution of revenues between the Union and the States. The Finance Commissions constituted under Article 280 of the Constitution recommend to the Union Government regarding distribution of net proceeds of taxes between Centre and the States and allocation of shares of such proceeds between the respective states. The Finance Commissions also recommend principles which should govern the grants-in-aid of the revenues of the states out of the Consolidated Fund of India. The 14th FC has substantially enhanced the share of the States in the Central divisible pool from 32 % to 42 %, which is the biggest ever increase in vertical tax devolution. Besides share of central taxes, the 14th FC has recommended grants− in −aid to cover Revenue Deficit of States, local body grants (both to rural and urban local bodies) and grants for augmenting the State's Disaster Response Fund (SDRF. Substantial increase in tax devolution and grants-in-aid recommended by 14th FC is expected to add substantially to spending capacity of States and thus give fiscal autonomy to the States allowing them to prioritise their schemes and improve their financial status.

(c) & (d): The Government of Andhra Pradesh has requested for release of funds as mandated under Andhra Pradesh Reorganisation Act, 2014. The Government of India has so far released Rs.10,461.04 crore to the state. The released amount includes Rs. 3979.50 crore for bridging the resource gap for the financial year 2014-2015, Rs.1050 crore @ Rs. 50 crore per district for the development of 7 backward districts covering Rayalaseema & North Coastal region, Rs.2500 crore assistance for the capital city and Rs.2931.54 crore for the Polavaram Irrigation Project. In respect of Polavaram Project the Union Government has agreed to provide 100% of the remaining cost of the irrigation component of Polavaram project for the period starting from 1.4.2014, to the extent of the cost of the irrigation component on that date. Further, over and above the assistance provided under Andhra Pradesh Reorganisation Act, 2014, the Central Government has agreed to give a special assistance measure to the Government of Andhra Pradesh for five years i.e. 2015-16 to 2019-20, which would make up for the additional Central share the State might have received during these years as Special Category State. This will be in the form of Central Government funding for externally aided projects for the state for Andhra Pradesh signed and disbursed during these years.

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